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Letter dated 23 June 2003 from the Permanent Representative of Serbia and Montenegro to the United Nations addressed to the Chairman of the Committee

Pursuant to paragraphs 6 and 12 of Security Council resolution 1455 (2003), I attach a report from the Council of Ministers of Serbia and Montenegro on the steps taken to implement and enforce mandatory measures contained in the above-mentioned resolution (see annex).

Please do not hesitate to contact me if you require any further information on any aspect of Serbia and Montenegro implementation and enforcement of resolution 1455 (2003).

(*Signed*) Dejan **Sahović**
Ambassador
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Annex to the letter dated 23 June 2003 from the Permanent Representative of Serbia and Montenegro to the United Nations addressed to the Chairman of the Committee

Report on the implementation of Security Council resolution 1455 (2003)

Terrorism is an evil of global proportions that poses a major threat to international peace and security. It undermines equally the international legal order and the order of individual States. Serbia and Montenegro is committed to participating actively in the fight against terrorism and to making its full contribution to its suppression and elimination. In that context, our State union remains committed to the consistent implementation of United Nations Security Council Resolution 1455 (2003), as well as to all other United Nations Security Council resolutions and documents dealing with this issue.

Listed below are answers relevant to the implementation of UNSC resolution 1455 (2003).

It should be noted that in accordance with Security Council resolution 1244 (1999), the United Nations interim administration in Kosovo (UNMIK) is administering the Serbian Province of Kosovo and Metohija. Hence, this report does not include information concerning the implementation of SCR 1455 (2003) in Kosovo and Metohija.

I Introduction

1. The competent authorities of Serbia and Montenegro, as well as the competent authorities of its member States, the Republic of Serbia and the Republic of Montenegro, have not, so far, detected any activities in the country of Usama Bin Laden, Al-Qaida, the Taliban and their associates.

However, terrorism and related organized crime activities pose a serious threat to the country and the region as a whole. In this connection, especially threathening are the activities of Albanian extremist/terrorist groups in Kosovo and Metohija and their collusion with other similar groups in the region of South-Eastern Europe.

II Consolidated list

2. The Ministry of Defence, more specifically the General Staff of the Army of Serbia and Montenegro serves as a focal point where terrorism-related information (in its global and regional dimension) is gathered, analyzed and evaluated. Other departments and institutions which are involved in counter-terrorism activities, including those related to the 1267 Committee's list are the Ministry of the Interior and the Ministry of Finance of the Republic of Serbia and of the Republic of Montenegro, the Security/Information Agency of the Republic of Serbia, the State Security Service of the Republic of Montenegro, the Customs Administration of the Republic of Serbia and of

the Republic of Montenegro, the National Bank of Serbia, i.e. the Commission for the suppression of money-laundering.

More specifically, the Commission for the suppression of money-laundering – Department for combatting the financing of terrorism – acting in line with UN SC resolutions 1267 (1999), 1333 (2000), 1363 (2001), 1373 (2001), 1390 (2002), 1452 (2002) and 1455 (2003), has undertaken appropriate measures in the field of its competence to implement the above resolutions. In that context, the Commission cooperates with the Department for combatting organized crime in the Ministry of the Interior of the Republic of Serbia and with the Association of Banks and other financial organizations in our country. The Commission regularly forwards the lists of terrorists and terrorist organizations subject to UN sanctions to the above authorities. The Association of Banks is under an obligation to transmit the lists of terrorists and terrorist organizations to commercial banks, including all updated information (submitted regularly by the Commission). Furthermore, the Commission for the suppression of money-laundering has informed these institutions on measures to be undertaken against individuals and entities subject to SC resolutions. These measures include:

- freezing of their assets and financial resources;
- preventing these individuals from entering or transiting the territory of the country
- preventing these individuals from obtaining military equipment and spare parts, as well as technical and advisory assistance in the field of military training.

In order to develop its own information system, the Commission for the suppression of money-laundering has set up a specialized computer system. Also, a web site has been created. Commercial banks have been provided with software enabling them to submit reports on monetary transactions on computer discs.

The National Bank of Serbia regularly transmits updated OFAC terrorist lists to all banks and other financial organizations.

The Customs Administration of the Republic of Serbia is obliged to transmit all data related to organized terrorist groups and individuals directly or indirectly connected to Al-Qaida and the Taliban to other State authorities (the Security/Information Agency, the Department of Criminal Police and the Department for combatting organized crime within the Ministry of the Interior of the Republic of Serbia and others), for further action.

The Customs Administration is currently in the process of reorganization. It is planned to set up new units for intelligence activities, counter-smuggling and customs investigation. Moreover, a new information system is under preparation which will further improve its counter-terrorism capabilities.

Similar appropriate measures have been undertaken by the competent authorities in the Republic of Montenegro, primarily by the Ministry of the Interior, the Ministry of Finance, the State Security Service and the Customs Administration of the Republic of Montenegro.

3. The State authorities often face problems of a technical nature concerning the 1267 List and its updates. Police stations and competent services at smaller border crossings lack adequate equipment (computers and computer network) that would enable them permanent access to the List and provide a single, all-inclusive information system.

Also, the Security/Information Agency is very often faced with the lack of information on an individuals origin, nationality, residence and address, date and place of birth, number of passport or aliases. Errors that occur in transcribing foreign names and aliases pose a particular problem. Since much of this data has not been verified, there is no physical description that could be helpful in identifying the designated individuals.

4. The competent authorities of Serbia and Montenegro, as well as those of its member States, have not identified any designated individuals or entities in the territory of the country, as noted under 1 above.

5. There is no information under this item.

6. So far, there have been no cases described under this item.

7. No nationals of Serbia and Montenegro have been identified on the List.

8. No attempts of recruiting or supporting Al-Qaida members, nor attempts to organize their training in Serbia and Montenegro have been registered so far.

The competent authorities have undertaken a number of practical measures to prevent terrorist activities. In this context, of particular importance are activities of special units within the Ministry of the Interior of Serbia, such as the Special anti-terrorist unit as well as the Department for combatting organized crime. The special Department of the District Court in Belgrade and Special Prosecutor's Office should soon start their work, with the aim of conducting court proceedings, establishing responsibility and enforcing sentences on the perpetrators of criminal acts, including those related to terrorism.

The Ministry of the Interior of the Republic of Montenegro has also tightened control in the territory of Montenegro and undertaken appropriate measures within its field of competencies to prevent entities or individuals from recruiting or extending support to the members of Al-Qaida in Montenegro.

The Army of Serbia and Montenegro is playing an important role in the overall anti-terrorist efforts within the country.

III Financial and Economic Assets Freeze

9. Following the signing and ratification of the International Convention for the suppression of the financing of terrorism (1999) and accession to other relevant conventions, the Criminal Law is currently being amended to harmonize it with the international conventions. *Inter alia*, financing of terrorism will be incriminated, in line with Article 2 of the UN Convention for the suppression of the financing of terrorism.

As for tracking accounts with assets possibly linked to terrorist activities, even before the amendments of the Criminal law, it was possible to seize funds designated for financing terrorism on the basis of relevant provisions of the Law on criminal procedure. Moreover, such funds may be seized even if the criminal proceedings end in non-guilty verdict, for reasons of general security or on moral grounds.

The Law on amendments of the Criminal law provides for a new type of criminal sanction – the confiscation of property of the convicted individual, without the right to restitution, within the limits defined by the Law.

According to the Law on the amendments of the Law on criminal procedure, the State Prosecutor may order the competent authority, bank or other financial institution to audit business records of certain individuals and provide the Prosecutor with documentation and data that may be used as evidence that a criminal act had been carried out or that assets were obtained through the commission of a criminal act. The Prosecutor may also request information on suspicious monetary transactions as provided for by the Convention on laundering, search, seizure and confiscation of the proceeds from crime. The State Prosecutor may also order the competent authority or organization to temporarily suspend payments, disposal of suspicious funds, stocks or assets. In addition, the court may enforce temporary seizure of assets and proceeds if there is reasonable suspicion that a criminal act of organized crime was committed.

According to the relevant provisions of the Law on the prevention of money-laundering financial resources and other assets acquired by a criminal act shall be seized in the criminal proceedings against the perpetrator of such an act.

More information on this issue had been provided in the Report to the UN SC Counter-terrorism Committee on the implementation of SC resolution 1373 (2001), as well as in the subsequent Report to the same Committee.

10. The authorities of Serbia and Montenegro and of its member States, i.e. the Ministry of the Interior of the Republic of Serbia and of the Republic of Montenegro, the Security/Information Agency of the Republic of Serbia, the State Security Service of the Republic of Montenegro, the Customs Administrations of both member States, the Commission for the prevention of money-laundering and other State authorities are in constant communication at operational level to exchange information in order to identify and investigate activities of any terrorist financial network. In order to detect suspicious transactions linked to money-laundering or financing terrorism at an early stage, the Commission for the suppression of money-laundering compiled lists of indicators that may help identify such transactions. These lists have been transmitted to banks, stock-brokers and insurance companies to ensure efficient identification of suspicious transactions and facilitate the implementation of the Law on the suppression of money-laundering.

There is also significant cooperation and coordination at the regional level with the competent State authorities of the countries of the region, within the South East Europe Cooperation Process, SECI and - on a broader level - within INTERPOL. In order to suppress organized crime in the region, an initiative has been launched to set up a regional bureau in Belgrade for the exchange of information among the ministries of the interior of SEE countries.

11. The Law on the suppression of money-laundering defines legal and physical persons that have an obligation to report suspicious transactions. The reports are submitted to the Commission for the suppression of money-laundering. On the basis of received information and data gathered by other means, the Commission evaluates whether there is reasonable suspicion that money-laundering or financing of terrorism has taken place. Should that be the case, the Commission would inform accordingly the competent judicial and internal affairs authorities.

Under the Law on the suppression of money-laundering, the following financial institutions and other agents are obliged to report suspicious transactions:

- banks and other financial institutions (Postal savings banks, Savings banks, Savings and Loan Organizations and Savings and Loan Unions);
- PTT companies, other telecommunication companies and associations;
- State authorities, organizations, foundations, and institutions, as well as other legal persons who are wholly or in part financed from public revenues;
- National Bank of Serbia;
- insurance companies;
- stock exchanges, stock brokers and others dealing with transactions related to cash, stocks, precious metals and gems, or those buying and selling assets and liabilities;
- currency exchange bureaus, pawn-shops, gambling and betting, establishments and sponsors of lotteries/sweepstakes and other games of fortune.

This Law covers other legal and physical persons (entrepreneurs) if they are connected to transactions involving assets and liabilities, management of property for third persons, leasing, factoring and forfeiting, issuance of debit and credit cards and card transactions, trade in real estate, works of art, antiquities and other valuable objects, as well as processing and trade in precious metals and gems.

So far, this Law does not cover humanitarian organizations, cultural and other non-profit and non-governmental organizations which collect and disburse funds for charitable purposes and law firms (the procedure is currently under-way to include an obligation of those persons to report suspicious transactions).

If an individual or organization listed on the basis of UN SC resolution 1267 (1999) attempts to carry out a transaction through a bank, stock broker, insurance company or other financial institution, they are obliged under the law and in line with the instructions of the Commission for the suppression of money-laundering to terminate the transaction, block financial resources and immediately inform the Commission of the following:

- the name of the company and seat of the legal person involved in the transaction; data on the employee or authorized person carrying out the transaction on behalf of the legal person;
- data on the individual involved in the transaction;
- the type and purpose of the transaction;
- the date, time, the amount of the transaction, currency and method of the transaction;
- data on property and bank deposits of persons conducting the transaction as well as other data and information related to the possible financing of terrorism.

Clients making cash deposits are obliged to present ID cards or passports to banks and other financial institutions for the purpose of establishing their identity. The clients are required to provide proof of their identity in the following cases:

- if they wish to open an account or establish any kind of regular business cooperation;
- for any monetary transaction (involving cash, foreign currency, securities, precious metals or gems) exceeding 600,000 dinars (approximately

10,000 euros), or insurance policy deeds exceeding premiums of 40,000 dinars;
- several connected transactions whose total value exceeds 600,000 dinars;
- for transactions involving smaller amounts if there is reasonable suspicion that money-laundering may be in question.

Banks are required to submit to the Commission for the suppression of money-laundering information on deposits of 600,000 dinars (approximately 10,000 euros) or bigger amounts. The Commission then feeds this information into its data base, analyzes them and, as appropriate, sends them to the Ministry of the Interior of the Republic of Serbia or Tax Police if there is reasonable suspicion that money-laundering is involved.

12. Upon the appropriate review, it has been confirmed that none of the individuals or institutions from the terrorist list compiled according to resolutions 1267, 1333 (2000) and 1373 (2001) or those listed in para 2 of resolution 1390 have accounts in Serbia and Montenegro.

The cases of organized financial crime detected so far in the territory of Serbia and Montenegro do not indicate any links with persons or organizations connected to the Al-Qaida financial network or individuals and organizations supporting them.

13. See response under 12 above.

14. See reply under 11.

IV Travel Ban

15. The relevant authorities of Serbia and Montenegro and those of its member States, undertake appropriate measures to prevent the terrorists from entering or transiting our territory.

In order to reinforce control at border crossings, border-control units have been placed on higher alert, operating procedures have been upgraded to facilitate efficient passport control, including passenger and baggage checks, etc. Special attention is paid to persons originating from countries that may be involved in harboring terrorist organizations, who must apply for visas which are granted selectively through a thorough review process.

In line with relevant provisions of the Law on the movement and residence of foreigners, a visa or a tourist pass shall not be issued to a foreign national, nor will he/she be permitted to enter the country, if he/she had committed a crime against humanity and international law, if he/she is listed as an international offender in the records of the competent authority and in other cases relevant to the protection of public order and defense interests of the country. A foreign national shall not be granted a temporary residence in the country if he/she provided false personal information, used a forged passport, used someone else's passport or gave his/her passport to another person. A foreign national who entered the country illegally and has no refugee status and has not been granted asylum shall not be granted temporary residence in the country. Temporary residence may be revoked to a foreign national for the purpose of the protection of public order or national defense concerns. The Law stipulates that the

competent authority may temporarily impound a foreign passport, *inter alia,* for reasons of protection of public order or in the interest of the defence of the country.

See a more detailed reply in the Report on implementation of resolution 1390 (operative para 2 b).

It should be recalled that the competent State authorities in charge of controlling the borders do not, pursuant to UN SC resolution 1244 (1999), exercise control, over the part of the State border (295 km) in the territory of Kosovo and Metohija (administered by UNMIK and controlled by KFOR) with the Republic of Macedonia and the Republic of Albania.

16. See reply provided under 2 above.

17. Notwithstanding some technical problems mentioned under 3 above, the updated list is being transmitted to border control authorities on a regular basis.

18. No listed individuals have been identified at our border points, nor in transit through our territory.

19. According to the standard procedure for issuance of visas, consular missions and offices at the Embassies of Serbia and Montenegro transmit visa applications through the Ministry of Foreign Affairs of Serbia and Montenegro to the Ministries of the Interior of the Republic of Serbia and of the Republic of Montenegro, for approval. The List is not transmitted to the consular offices, but checks are made by the Ministries of the Interior of the Republic of Serbia and of the Republic of Montenegro.

V Arms embargo

20. The Ministry of Defense of Serbia and Montenegro closely follows trade in arms and military equipment, checking end-user certificates and the final destination of arms and military equipment for each approved export. No individuals and legal persons connected to any terrorist organizations were involved in transactions dealing with arms and military equipment sales.

Following the terrorist attacks against targets in the USA, the Customs Administration, in full cooperation with the competent security services, informed its customs points in September 2001 that organizational, personnel, technical and other measures have been introduced in order to prevent that commodities which may be used in terrorist attacks be brought in the country. The measures include special procedures to check both passenger baggage and goods shipments.

So far, customs officials have not discovered any commodities that may have been related to the Taliban and Al-Qaida.

21. See reply under 22 below.

22. Replies already submitted concerning the implementation of UN SC resolution 1390 (operative para 2, c) as well as the second Report to the Security Council Counter-terrorism Committee for implementation of resolution 1373 (sub-para 2), provide a detailed answer to this question. It should be noted, however, that all the

laws referred to in these documents remain in force after the Constitutional Charter of Serbia and Montenegro was adopted in February 2003.

Export licenses for arms and military equipment are granted upon the evaluation of submitted requests in terms of potential terrorist risks. Special measures are taken to prevent direct or indirect supply, sale and transfer of arms and military equipment to individuals, organizations and institutions listed according to para 2 of resolution 1390 (2002), and to all others that may be linked to terrorism or support it in any way.

The Law on the production and trade in arms and military equipment and the Regulation on the transport of arms and military equipment stipulate that the Ministries of the Interior shall issue licenses for transport of arms and military equipment across the territory of the country, on the basis of a similar license previously granted by the Ministry of Defense.

Licenses for transport of arms and ammunition across the State border and for transit within the country are granted by the Ministry of the Interior after a review by the Ministry of Foreign Affairs and the Ministry of Defense, as stipulated by the Law on the crossing of the State border and movement in border areas.

The Law on transport of hazardous substances stipulates that the Ministry of the Interior shall be responsible for the issuance of licenses for transport of explosive substances over the State border or across the country's territory (import, export, transit). Licenses contain information on the sender, manufacturer, shipping agent and end-user, as well as a list of mandatory precautionery measures including a designated route with police escort.

The import and export of explosive substances, arms and ammunition which are not designated for the purposes of armed forces, i.e. are not considered arms and military equipment, is carried out on the basis of licenses granted by the Ministry for Foreign Economic Relations. These licenses contain specific data on all individuals or entities involved in the trade and are granted on the basis of the decision of the Inter-departmental Commission for the issuance of licenses for import and export of sports and hunting arms and ammunition and materials for their manufacture, pursuant to the Law on foreign trade.

Special security measures are enforced in all the above instances of international trade in arms and explosives.

The current system of export control for small arms and light weapons regulates procedures for the submission of all relevant documents (from the application phase to license approval) to the Council of Ministers of Serbia and Montenegro. The Council of Ministers considers each individual application and related documentation. The final decision is made in consultation with the Minister of Defense, Minister for Foreign Affairs and Minister for Foreign Economic Relations.

In addition, pursuant to the Law on arms and ammunition, licenses for acquiring fire arms shall not be granted to persons convicted of the crime of terrorism.

23. See the reply under 22 above.

VI Assistance and conclusion

24. Serbia and Montenegro stands ready to join international efforts against terrorism and extend assistance to other countries, especially in the context of regional cooperation and within our limited resources.

25. As discussed above, there are serious problems of material and technical nature which impede the provision of timely information to the border crossings of Serbia and Montenegro. In order to establish a permanent and full access to the List and its updates, it is necessary to make investments to upgrade the technical capabilities. In that sense, appropriate assistance would be most welcome.

26. It is necessary to point out that since the deployment of international civilian and security presences in Kosovo and Metohija in accordance with SC resolution 1244 (1999), a substantial number of terrorist attacks by extremist Albanian elements in Kosovo and Metohija against Serbs and other non-Albanians have been recorded in the Province. The attacks, which took a heavy toll in human life and caused severe material destruction, were aimed at intimidating the population and expelling non-Albanians from Kosovo and Metohija. Such extremist and terrorist acts have a potential to destabilize other parts of the Balkans. Finally, under the direct influence of extremist and terrorist Albanian groups in Kosovo and Metohija, with their logistic and material support (manpower, equipment and training), terrorist acts were perpetrated in parts of southern Serbia as well.